

# Questar seeking 7% hike

*Customers would pay about \$3.92 more a month*

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Deseret Morning News

Published: December 20, 2007

Questar Gas said Wednesday that it plans to ask the Utah Public Service Commission for a 7 percent rate increase that would go into effect by August.

If approved, the \$27 million annual hike would cost the typical residential customer \$3.92 more per month on their natural-gas bill.

The proposed hike would be the first requested general rate increase in five years, according to the company. General rate increases cover "nongas costs" of system maintenance and expansion, while "pass-through" rate increases — which the utility requests more frequently — adjust rates for the changing costs of gas supplies. Natural-gas costs are regulated to be passed on to customers without markup.

"We haven't had to request a general rate increase in five years," said Alan Allred, Questar Gas president and chief executive officer. "We've held the line on rates by aggressively controlling costs — and our natural gas rates in Utah are consistently lower than every other state but Alaska." The utility now serving about 120,000 more homes and businesses in Utah than it was five years ago, a 16 percent increase, he said.

To keep up with that growth, the utility's annual investment since 2005 in new gas distribution facilities has increased by 40 percent. Over the next five years, the company estimates it will invest about \$135 million per year to keep up with growth and maintain system reliability and safety.

"We're asking state regulators to allow us to maintain the high levels of service and reliability that our customers have come to expect," said Allred.

Questar Gas said that because the utility cut rates by \$89.6 million in a November pass-through case, natural-gas bills should be lower this winter than in recent winters.

In spring of 2002, the company filed for a \$23 million annual increase, which would have boosted the typical bill by \$3 per month, or 5.7 percent. In December that year, the Public Service Commission approved an increase, but for only \$11.2 million, or 3.5 percent, which equated to a \$2 increase in the typical bill.

*Contributing: Brice Wallace.*